

STATEMENT OF PURPOSE

RS23111

This bill increases the exemption on personal property from \$100,000 to \$250,000 per person per county beginning in tax year 2015. Provided the amount does not exceed \$250,000, the legislation also exempts from the personal property tax a percentage of operating property of public utilities and railroads. The bill also provides replacement moneys for counties, taxing districts and urban renewal agencies with active revenue allocation areas, based upon amounts reported in 2013. However, new districts formed in 2013 or later will receive no replacement moneys. Replacement funding will come annually from the sales tax revenue distribution formula provided in section 63-3638, Idaho Code.

The bill eliminates the exception from the definition of "fixture" for machinery, equipment or other articles affixed to real property and revises definitions to make cell towers, similar structures, underground storage tanks, pipelines and conduit, and railroad tracks ineligible for the exemption

The bill also provides that replacement moneys will be added back before taxing districts compute their allowable annual property tax increases, but they are required to subtract replacement moneys before tax levies are set. The bill also eliminates out-of-date language relating to filing of an affidavit and eliminates the requirement to reapply for the exemption every five years.

FISCAL NOTE

Beginning in fiscal year 2016 and each thereafter, the increase in the exemption from \$100,000 to \$250,000 will result in a fiscal impact of approximately \$8.7 million.

Contact:

Representative Mike Moyle
Representative Scott Bedke
(208) 332-1000